

## **REQUEST FOR APPROVAL**

**To:** Margo Reid Brown  
Board Chair

**From:** Howard Levenson  
Program Director

**Request Date:** December 16, 2009

**Decision Subject:** Recycling Market Development Zone Designation Cycle for 2009

**Action By:** December 31, 2009

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### **Summary of Request:**

This memo requests approval of two jurisdictions that applied to become part of the RMDZ Program during the 2009 RMDZ Designation Cycle. The two jurisdictions are the City of Hesperia and Tehama County. Each of the applicants met all the designation requirements to become an RMDZ (see Background and Table 1 below). Approving the two new Zones would bring the total to 35 Zones statewide.

### **Recommendation:**

Based on staff review of the applications and the completeness of CEQA requirements, staff recommends that Tehama County and the City of Hesperia be designated as new Recycling Market Development Zones.

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### **Board Chair Action:**

On the basis of the information and analysis in this Request for Action and the background information and findings set out herein, I hereby approve the designation of Tehama County and the City of Hesperia as new Recycling Market Development Zones.

**Dated:** 12-23-2009

  
Margo Reid Brown  
Board Chair

## **Background Information, Analysis, and Findings**

### **1) General Background and Process**

Recycling Market Development Zones (RMDZs) must be renewed every ten years according to statute. Consequently, from 2002 to 2005, the Board approved the renewal of 33 RMDZs. Some zones were not renewed for a variety of reasons, which left seven vacancies that could be filled.

In 2008, Board staff collaborated with Zone Administrators, local government recycling coordinators, and businesses to evaluate the RMDZ program and presented information obtained through this evaluation to the Board in September 2008. The Board directed staff to bring an item to the Board requesting the initiation of an RMDZ Designation Cycle for 2009. Staff did so in March 2009, requesting initiation of a cycle to fill the remaining seven slots available. The Board approved the scoring criteria proposed in the item and directed staff to initiate a cycle beginning July 1, 2009. The Board also directed that it be a competitive process that maintained the same basic standards as in previous designation cycles, and directed staff to prepare an application process and to conduct a workshop to provide potential candidates with guidance on completing the application process. Applications were due October 28, 2009, and the review period was conducted from that date until early December 2009.

As directed by the Board, staff developed an application that required the same type of information as previous cycles, but one that was simplified and streamlined. This approach made the application process easier for the applicant and helped expedite staff review time. To promote the 2009 RMDZ Designation Cycle, staff sent the formal Notice of RMDZ Designation Cycle along with the application, instructions, and other guidance documents to local jurisdictions statewide. Staff also contacted other organizations, such as the California State Association of Counties and the League of Cities. The 2009 RMDZ Designation Cycle Application packet was made available in hardcopy, electronically, and on the Board's website in April 2009.

Staff also conducted a workshop in April 2009 to help guide applicants through the process. The workshop was conducted as a webinar to enhance participation and reduce travel expenses for participants. In addition, staff collected questions from potential applicants and posted the questions and answers on the Board's website.

While there was significant interest in the RMDZ Program, only two applications were submitted by the deadline. Staff speculates that local government economic issues and limited resource concerns may have caused jurisdictions not to apply. Additionally, some local governments did not believe they could complete the CEQA process (see below) in time if multiple jurisdictions were involved. Staff completed the final review for completeness and scored the applications accordingly, based on the scoring criteria listed in Table 1 below.

Originally, staff intended to bring recommendations for approval of new Zones to the Board in February 2010, and in December would at this time have been preparing an agenda item for the Board's consideration. However, with the changes in the Board's organization structure, this is no longer possible. Since the review is complete and staff is ready to proceed with its recommendations, staff has prepared this request for approval.

### **2) Scoring Criteria and Findings**

In its March 2009 action, the Board approved scoring criteria based on a combination of overall statewide objectives contained in pertinent statute and regulations, additional more focused objectives, and several measures regarding plan and resource adequacy. In order to be considered for the RMDZ Program, the

Board determined that each applicant would have to receive a passing score of 70 points or more out of the 100 points available. Table 1 lists the scoring criteria and whether or not the applicants adequately met them.

Both applications scored above the required 70 points necessary to be considered for approval. The City of Hesperia scored 93 points on average and Tehama County scored 80 points on average. Each applicant demonstrated through their application that they were both committed and prepared to become an RMDZ. These new designations are expected to allow for successful loan applicants and other RMDZ businesses to expand local markets and thereby increase diversion of recyclables, reduce disposal, add local jobs, and reduce the environmental impacts of manufacturing by using secondary materials. This also has the potential to: (1) reduce greenhouse gas emissions; (2) increase energy savings; and (3) reduce air and water pollution.

**Table 1. Scoring Criteria and Findings for Applicants**

<b>SCORING CRITERIA</b>	<b>COUNTY OF TEHAMA</b>	<b>CITY OF HESPERIA</b>
<b>Statewide Market Development Objectives (14 CCR Section 17909)</b>		
1) Extend landfill capacity in applicant's jurisdiction and region through decreased disposal	Yes	Yes
2) Encourage use of emerging technologies to address priority waste stream materials	Yes	Yes
3) Distribute RMDZs throughout State to encourage regional recycling	Yes	Yes
4) Stimulate new regional markets	Yes	Yes
<b>Additional Targeted Criteria</b>		
1) Large amount of priority materials disposed of in the region, e.g., construction and demolition materials, organics, paper, and plastics	Yes	Yes
2) Existing hauler, collection and processing infrastructure to create significant continuous stream of recoverable materials	Yes	Yes
3) Working with local businesses to ensure that RMDZ assistance provided by Board would have more impact on local infrastructure and econom.	Yes	Yes
4) Commits to offering RMDZ businesses a range of resources including technical assistance, marketing, permit and siting assistance, reduced fees, or other economic incentives	Yes	Yes
5) Commits to dedicating local jurisdiction staff resources to manage the RMDZ	Yes	Yes
6) RMDZ marketing plan that defines goals, objectives and metrics for measuring the impact of the RMDZ	Yes	Yes

program, and includes detailed plans for assisting businesses, attracting businesses, and evaluating feedstock availability		
7) RMDZ encompasses entire a city or county or multiple jurisdictions, as opposed to specific parcels of property	Yes	Yes
8) Identifies availability of industrially-zoned commercial real estate properties and buildings within proposed RMDZ that will meet the needs of new and expanding recycling manufacturers	Yes	Yes
<b>CEQA Completeness (see below for more details)</b>	Yes	Yes

### **3) CEQA**

Per regulation (14 CCR Section 17902), applicants are required to submit their application no later than 120 days after the beginning of the designation cycle. The application and Board designation as an RMDZ could be considered a project under CEQA because the recycling market development plan submitted by the applicant is a plan for the development of a specific geographic area and an increase in recycling activities in the area may have the potential to cause adverse environmental impacts, such as traffic, noise, and dust. A statement describing how either an applicant intends to comply, or has complied with CEQA, or has determined to be exempt from CEQA, is a requirement of the application process. Staff contacted numerous existing Zones to determine if 120 days was feasible and in most cases it was. However, to ensure that interested jurisdictions had enough time, the application was developed and workshop was conducted before the cycle began so potential applicants would have 60 additional days beyond the 120 day cycle to complete the CEQA process.

(In contrast, this request for approval of the designations to expand the number of RMDZs is not subject to review under CEQA because it is an administrative activity that would not have any direct or indirect effect on the environment. Thus, it is not a “project” as defined in CEQA Guidelines, Section 15378(b) (5). Future actions by the Board when it considers designating a new Zone and by local governments that apply for that designation may or may not be subject to CEQA depending on the facts of each governmental decision. If subject to CEQA, the local government seeking designation would be the Lead Agency under CEQA and the Board would be a Responsible Agency.)

In accordance with these guidelines, the two applications were reviewed for completeness by staff. Both applications were initially deemed incomplete because the CEQA process had not been finalized. However, the regulations also provide additional time for initial staff review, applicant responses to staff comments, and for final staff review and development of recommendations. Based on consultation with the Legal Office, applicants were advised that they could comply with CEQA if they completed their process by the end of the entire review period. Both applicants provided the needed documents to show the CEQA process was complete by the deadline of December 3, 2009. Therefore, based on staff review of the applications and completeness of CEQA requirements, staff recommends that Tehama County and the City of Hesperia be designated Recycling Market Development Zones.